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## **Nel ASA: Acquires Proton OnSite to create the world's largest electrolyser company and launches private placement**

(Oslo, 27 February 2017) Nel ASA (“Nel” or the “Company”) has entered into a non-binding term sheet to acquire the Connecticut U.S. based hydrogen technology company Proton Energy Systems Inc. (“Proton OnSite”). This will create the world's largest hydrogen electrolyser company with a global footprint. The purchase price corresponds to an enterprise value of USD 70 million. The contemplated acquisition will be settled by USD 20 million in cash, and new shares of Nel paid in equal instalments after 12 months and 24 months at an agreed share price of NOK 2.72.

**Nel will today (27 of February 2017) launch a private placement (the “Private Placement”) by offering up to 65 million new shares in an accelerated bookbuilding process.**

“We are proud to announce the intention to combine Nel and Proton OnSite, creating the world's largest hydrogen electrolyser company. Proton OnSite is recognised as the number one provider of PEM electrolysis systems and fully complements Nel both in terms of technology and market outreach. The combined entity will be able to offer the full spectre of electrolysers in terms of capacity and technology. This will give Nel a strong foothold in the U.S. and other markets beyond our current position. Proton OnSite also has a very motivated and talented organization, and a solid backlog going into 2017, says Jon André Løkke, Chief Executive Officer of Nel.

Incorporated in 1996, Proton OnSite has been developed into the largest manufacturer of on-site hydrogen generators with over 2,600 units installed worldwide in more than 75 countries. The company offers advanced Proton Exchange Membrane (“PEM”) electrolysis systems to various markets, focusing on small to medium sized plants. Proton OnSite's recently developed Megawatt product line is viewed as a significant area of focus and deemed to be a key success criteria going forward. The company had revenues of USD 27 million in 2016 and is headquartered in Wallingford, Connecticut, with approximately 90 employees.

“Proton OnSite and Nel is a strong strategic fit, with synergies related to sales and commercialisation, product portfolio, R&D and best practices across the combined company. We expect a solid demand also for PEM electrolysers going forward and will by this acquisition be able to fully complement our product portfolio. Nel will be a one-stop-shop completely independent of your technology preference and our combined sales teams will be a global force to reckon with,” says Løkke.

“We look forward to joining forces with Nel, creating the leading hydrogen electrolyser company globally. We see strong strategic benefits from combining our technological footprint, and think we can accelerate our combined growth and benefit from all the exciting opportunities we see ahead of us. There is a strong cultural fit combining our two organizations, and we are excited to continue on this journey with Jon and his team”, says Robert Friedland, President & Chief Executive Officer of Proton OnSite.

The term sheet between Nel and Proton OnSite's shareholders is non-binding, and the contemplated acquisition will be subject to the successful negotiation of a mutually agreed share

purchase agreement. The transaction is expected to be concluded in the second quarter of 2017 and will be subject to ordinary closing conditions to be agreed, including the receipt of any public approvals required.

More detailed information about Proton OnSite is included in the attached presentation.

Carnegie acts as financial advisor to Nel in connection with the contemplated acquisition.

Nel has retained Arctic Securities and Carnegie (the “Managers”) to advise on and effect the Private Placement of new shares directed towards Norwegian and international investors.

In the Private Placement, the company is offering up to 65 million new shares, representing ~9.5% of the outstanding capital in the Company. The price in the Private Placement will be determined through an accelerated bookbuilding process.

The net proceeds from the Private Placement will be used to secure funding for the contemplated acquisition and for general corporate purposes, including funding strategic growth initiatives within the Company’s business.

The bookbuilding period for the Private Placement opens today at 16:30 CET and closes 28 February 2017 at 08:00 CET. The Managers may, however, at any time resolve to close or extend the bookbuilding period at its sole discretion and on short notice. The minimum subscription in the Private Placement has been set to the number of shares that equals an aggregate purchase price of the NOK equivalent of EUR 100,000.

The shares allocated will have payment date on or about 2 March 2017 and is expected to be delivered on or about 6 March 2017. The shares will be tradable upon the registration of the share capital increase in the Norwegian Register of Business Enterprises, expected on or about 3 March 2017.

The new shares will be issued based on a Board authorisation granted by the Company's general meeting held on 20 May 2016. The waiver of the preferential rights inherent in a private placement is considered necessary to secure financing for the contemplated acquisition in a timely and cost-efficient manner, in the interest of all shareholders.

The Board of Directors of the Company will consider to conduct a subsequent offering directed towards existing shareholders in the Company as of the end of trading today, 27 February 2017 (and as registered in the VPS as of the end of 1 March 2017) who were not allocated shares in the Private Placement.

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**For additional information, please contact:**

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**About Proton OnSite** | [www.protononsite.com](http://www.protononsite.com)

Proton OnSite is a global leader in hydrogen gas solutions. Since 1996, the company has been developing and applying hydrogen technology in creative and practical ways that best meet the diverse requirements of its customers. The advanced Proton Exchange Membrane (PEM) electrolysis systems coupled with the company’s uncompromising attention to excellence and quality, enables Proton OnSite to deliver, install and support gas generation units on every continent.

**About Nel** | [www.nelhydrogen.com](http://www.nelhydrogen.com)

Nel is a global, dedicated hydrogen company, delivering optimal solutions to produce, store and distribute hydrogen from renewable energy. We serve industries, energy and gas companies with leading hydrogen technology. Since its foundation in 1927, Nel has a proud history of development and continual improvement of hydrogen plants. Our hydrogen solutions cover the entire value chain from hydrogen production technologies to manufacturing of hydrogen fueling stations, providing all fuel cell electric vehicles with the same fast fueling and long range as conventional vehicles today.

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